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THE PHILIPPINES AND THE HARE-HAWES-CUTTING ACT

by

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with the aid of the Research Staff of the Foreign Policy Association

INTRODUCTION

IN January 1933 the Hawes-Cutting bill, providing for the independence of the Philippine Islands, was enacted into law over the veto of President Hoover. Subject to certain stipulations and conditions, this act decrees that after a transitional period of ten years, to begin with the inauguration of a new government under a constitution approved by the President of the United States and the Filipino people, the United States will recognize the independence of the Philippine Islands "as a separate and self-governing nation."¹

In bald outline this act would appear to satisfy the traditional aspirations of the Filipinos for independence and mark the complete fulfilment of this country's obligations toward the Islands. The Filipinos, however, have refused through their Legislature to accept the Philippine Independence Act as a satisfactory measure providing for their independence. They have raised strenuous objections to various conditions imposed on the Islands during the transitional period, and question the validity of the independence granted them at its close.

The underlying difficulties of this situation concern the economic consequences of Philippine independence. While it is generally recognized that the internal political stability of the Islands fulfills the primary requirement for complete self-government, their economic dependence on the United States has created a host of new and perplexing problems.² Filipino leaders realize that immediate freedom would mean the collapse of the Islands' entire economic structure and that a more gradual severance of their ties with this country has become essential for their own well-being. They contend, however, that while the present act purports to meet this situation, it has actually been framed with

1. *Philippine Independence Act* (Public—No. 311), Section 10.

2. For a discussion of arguments for and against independence, cf. Raymond Leslie Buell, "Philippine Independence," *Foreign Policy Reports*, revised edition, October 1932.

far less concern for their legitimate needs than for the interests of American agriculture.

The difficulties which may follow independence are illustrated by the 1932 trade statistics, which are as follows:

Total Philippine exports	P190,000,000
Total Philippine imports	158,000,000
Balance in favor of the Philippines	32,000,000
Exports to the United States	166,000,000
Imports from the United States	102,000,000
Balance of trade with the United States in favor of the Philippines	64,000,000
Exports to all other countries	24,000,000
Imports from all other countries	56,000,000
Balance against the Philippines	32,000,000

Thus the loss of the American market to the Philippines would not only mean a drastic reduction in the exports of the Islands, but would result in a formidable adverse balance of trade.^{2a} In 1932 the Philippines stood ninth as a buyer of American goods, and fourth as a source of American imports; the capital investments in the Islands, including the value of agricultural and other land, amounted to \$1,407,312,000. Of this amount 62.70 per cent was Filipino, 18.32 American, 7.75 Chinese, 1.87 British, 4.04 Spanish, and .23 Japanese.

Many Americans believe that the Independence Act betrays the real interests of the Filipinos. Even its framers claim no more than that it represents the best possible compromise under existing circumstances. From sources both favorable and hostile to Philippine independence, the Hawes-Cutting law has been assailed as a move on the part of this country's farm organizations, and particularly the

2a. *Report of the Governor-General of the Philippine Islands, 1932-1933*, p. 33.

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growers of beet sugar, to shut out Philippine products from the American market. How the provisions of the act may affect the Filipinos, whose economic system is based on free trade with the United States, is for the greater part of its advocates an entirely secondary consideration.³

In the hope that the new Congress will more faithfully reflect such sympathy as exists in the United States for their aspirations, the Filipinos are now prepared to make a final attempt to secure more favorable in-

dependence terms. In rejecting the Hawes-Cutting program they have left the way open for a reversal of the Legislature's stand should the act be modified in certain particulars. A new Independence Mission headed by Manuel Quezon, President of the Senate, arrived in Washington on December 7 to work for such modification.⁴ The act provides, however, that it must be accepted by January 17, 1934. On December 27, President Roosevelt asked Mr. Quezon to present a definite plan for independence.

ENACTMENT OF THE HARE-HAWES-CUTTING ACT

The question of Philippine independence has been intermittently debated in Congress since the Senate, in ratifying the treaty of peace with Spain in February 1899, passed a resolution declaring that it was not the intention of the United States to annex the Islands permanently but to "prepare them for local self-government, and in due time to make such disposition of said Islands as will best promote the interests of the citizens of the United States and the inhabitants of said Islands."⁵ The movement in favor of granting freedom to the Philippines, however, made no effective progress until it was taken up by representatives of agricultural states in this country.

In 1929, having failed to secure a tariff on Philippine products or any limitation on imports of Philippine sugar, farm organizations in the affected states began a strenuous campaign for Philippine independence.⁶ Unable to protect themselves in any other way, they were ready to free the Islands as the only practical method of combatting the competition of Philippine sugar and coconut oil with American beet sugar and dairy products. In this campaign they found ready allies in the Pacific coast states which feel it is virtually impossible to restrict the immigration of Filipino laborers as long as the Islands are a part of the United States.

The addition of the representatives of these states to the ranks of Congressmen already committed to independence, either on principle or because of a belief that the Philippines had become a liability rather than an asset for the United States, soon showed that there would be a majority in both Senate and House in favor of any reasonable independence bill. The Hoover administration made clear its opposition to this movement,⁷ but in 1932 it became increasingly certain that

Congress was determined to act on Philippine independence once and for all.

The measures under consideration were the Hare bill in the House and the Hawes-Cutting bill in the Senate. Both provided that during a transitional period the Philippines should enjoy local autonomy as a Commonwealth, subject to the reservation of certain powers to the United States; both imposed restrictions on Filipino immigration to the United States and limited the amount of certain duty-free imports, including sugar and coconut oil. In the one case, independence was to be granted automatically at the end of eight years; in the other it was to depend on the outcome of a plebiscite at the end of fifteen years.

When the Hare bill came up in the House on April 4, 1932, the strength of Congressional feeling in favor of independence was immediately demonstrated. With debate limited to forty minutes, this measure was passed by the overwhelming majority of 306 to 47.⁸ The real struggle came in the Senate, where a filibuster postponed concurrent action on the Hawes-Cutting bill. But while the bill was put over until December 8 as "unfinished business," there was never much doubt that the Senate would adopt it in one form or another.

When debate on the Hawes-Cutting bill was resumed, it soon appeared that neither the farm interests nor those favoring Philippine independence on principle were wholly satisfied with the terms of the proposed measure. The result of this conflict was not a wholly edifying debate. Senator King declared that "the question before us is what is right, what is our duty towards the Filipinos, what are their wishes and desires,"⁹ but Senator Copeland expressed a more general view in giving as the true reason for the prospective passage of the bill the fact that "the beet-sugar interests of America do not want

3. Cf. p. 248.

4. *New York Times*, December 8, 1933.

5. *Congressional Record*, February 14, 1899, p. 1846.

6. Cf. remarks of Congressman Richard J. Welch of California, *Congressional Record*, April 8, 1932, p. 8068, and of Senator Hiram Bingham, *ibid.*, December 14, 1932, p. 427.

7. Cf. Buell, "Philippine Independence," cited.

8. *Congressional Record*, April 4, 1932, p. 7631.

9. *Ibid.*, December 8, 1932, p. 174.

the Philippines to continue sending into the United States free raw sugar."¹⁰

On the whole, little outright opposition to independence was expressed. Senator Copeland made a lone stand against the bill on the ground of unconstitutionality, contending that Congress did not have the power to alienate territory incorporated into the United States, but he talked largely to an empty chamber.¹¹ Senator Vandenberg opposed it as threatening to embroil the United States in the Orient by leaving this nation for some twenty years with sovereign responsibilities and no adequate authority to protect its vital obligations,¹² but he, too, found little support for his views.

More realistic was the policy of Senator Bingham. Although chairman of the Committee on Insular Affairs, he confessed that he had favored a much longer period before granting the Philippines independence than that provided in the plan "with which I was somewhat reluctantly led to agree."¹³ But recognizing the irresistible sentiment in favor of independence, his fight was to reach the best possible compromise between the various factions struggling over the bill's provisions. Too many Senators agreed with the sentiment expressed by Senator Borah—"I intend to vote for whatever bill is ultimately presented"¹⁴—for any effective opposition to develop.

AGRICULTURAL PRESSURE

At the opening of the debate a petition was circulated among the Senators, signed by an imposing list of farm organizations, which demanded independence within five years, either a graduated tariff on Philippine imports during this period or a quota system, and guarantees against any further trade concessions.¹⁵ This petition was a little too much even for the representatives of the agricultural states, but they fought strenuously to limit the time provision of the Hawes-Cutting bill, decrease the quotas it allowed for such imports as sugar and coconut oil, and eliminate the plebiscite provision which might allow the Filipinos to re-

10. *Ibid.*, December 9, 1932, p. 251.

11. Senator Copeland was warmly commended for his opposition to the Hawes-Cutting bill by the Merchants' Association of New York which favored retention of the Islands to preserve peace in the Far East and safeguard American markets. Cf. letter to Senator Copeland, *Congressional Record*, December 9, 1932, p. 252. For some discussion of the constitutionality issue, cf. Buell, "Philippine Independence," cited.

12. *Congressional Record*, December 12, 1932, p. 312.

13. *Ibid.*, December 14, 1932, p. 432.

14. *Ibid.*, December 13, 1932, p. 373.

15. These organizations included the National Grange, American Farm Bureau Federation, Farmers' Educational and Co-operative Union of America, National Dairy Union, National Beet-growers Association, Tariff Committee of the Texas and Oklahoma Cottonseed Crushers' Association, American Sugar Cane League, National Cooperative Milk Producers' Federation. *New York Times*, December 10, 1932. A similar petition was read into the *Congressional Record* by Senator Capper on December 13; another by Senator Dickinson on December 14. Cf. *Congressional Record*, December 14, 1932, p. 426-27.

fuse an independence weighing too heavily on their economic welfare.

Certain Senators showed a tendency to conceal the selfish motives which inspired this sudden interest in Philippine independence behind a mask of idealism. "I do not recall," declared Senator Shortridge, "that Patrick Henry, yonder in Virginia, spent much time in discussing money or trade with Great Britain when he stood up and uttered his immortal speech, closing with those sublime words, 'Give me liberty or give me death!'"¹⁶ But Senator Capper flatly stated his belief that "the Senate owes a first and complete duty to the farmers of the United States,"¹⁷ and when Senator Hawes, declaring that it was disgraceful to determine the issue "on the low level of a selfish interest, whether it be sugar or something else," spoke of the moral question involved, Senator Long bluntly replied: "I do not understand that there is one."¹⁸

DISCUSSION IN THE SENATE

Those who supported the Hawes-Cutting bill as reported to the Senate¹⁹ contended that it was a compromise, but a fair and equitable one, which went as far as possible in reconciling the conflicting economic interests of the Philippines and the American farmers.²⁰ The Filipinos needed the transitional period before complete independence to adjust their economic structure to the new conditions which would follow the end of free trade with the United States, and the import quotas, roughly corresponding to the prevailing production totals,²¹ provided both a gradual means for this adjustment and immediate protection to the farmer.

Senator Pittman pointed out that the United States had forced free trade on the Philippines, thus making the Islands economically dependent on this country, and consequently could not escape the responsibility of aiding them as much as possible during the transitional period.²² Any greater limitation on imports into this country, he declared, would work so great a hardship on the Islands that it would mean their eco-

16. *Congressional Record*, December 13, 1932, p. 381. Representative Underhill was subsequently to state that the proposed legislation would effectively give the Filipinos both. *Ibid.*, December 29, 1932, p. 1082.

17. *Ibid.*, December 13, 1932, p. 386.

18. *Ibid.*, December 11, 1932, p. 262.

19. For text of bill, cf. 72nd Congress, 1st session, *Senate Report 334*.

20. Of just what the Filipinos wanted the Senate was at all times in considerable doubt. The original idea of the Philippine Independence Commission, Senator Hawes reported, had been immediate independence with a ten-year period to adjust trade. "It could not be written into law," he said, "because it would conflict with some of our commercial engagements with other countries." Beyond that, the commission "left the question to the American Congress to decide, demanding at all times a definite assurance of independence." *Congressional Record*, December 12, 1932, p. 328, 333.

21. The committee's figures represented a *status quo* based on United States imports for 1931.

22. Senator Pittman also brought up the value of the Philippines as a market for American goods. Some 62.65 per cent of its total imports in 1931 were from the United States. *Congressional Record*, December 12, 1932, p. 317.

nomic ruin. With respect to the provision for a plebiscite on independence after the transitional period, Senator Cutting explained what he called the Senate "philosophy" as opposed to that of the House. It was the intent of the committee, he said, to allow the Filipinos to decide the independence issue for themselves after they had had some experience of its economic consequences.²³

Despite this defense of the Hawes-Cutting bill, the Senatorial sugar bloc and its allies fought successfully for certain modifications in its provisions. With Senator Broussard pointing to the danger that Philippine sugar production would destroy the Cuban industry and make the United States dependent on a source of supply 8,000 miles from San Francisco,²⁴ with Senator Long declaring that "thousands of acres of farms in this country have been absolutely depopulated during the last two or three years to make way for the enormous and abnormal increase in the quantity of sugar imported from the Philippine Islands,"²⁵ the ranks of those supporting the original bill were broken.

A first amendment reduced the quota of sugar beyond which regular import duties would be levied by the United States from 50,000 long tons of refined sugar and 800,000 long tons of unrefined sugar to 30,000 long tons of refined sugar and 585,000 long tons of unrefined sugar. Other amendments changed the approximate period before independence from 18 to 12 years, and abolished the provision for a plebiscite.

PASSAGE, VETO AND RE-PASSAGE

These changes were not made without considerable confusion, shifting of votes and parliamentary manoeuvering, but on December 17, 1932 the amended bill was passed. Although it differed materially in certain respects from the Hare bill passed by the House, differences both in the time before full independence would be granted and in the sugar quotas were quickly reconciled.²⁷

This compromise bill, with independence in ten years, was adopted by the Senate on December 22 without a record vote, and approved by the House one week later by a decisive majority. It then went to the President and was returned by him on January 13 with an outspoken veto based on three grounds: the shortness of the period for economic adjustment to independence, not only

²³. *Ibid.*, December 13, 1932, p. 387. When it was suggested that a vote upon the constitution would have the same effect, Senator Pittman replied, that it would be "a plebiscite before the screws have been put on." *Congressional Record*, December 14, 1932, p. 442.

²⁴. *Ibid.*, December 8, 1932, p. 250.

²⁵. *Ibid.*, December 9, 1932, p. 261.

²⁷. Cf. Conference Report to the House, *Congressional Record*, December 29, 1932, p. 1075-1080.

for the Filipinos but for American farmers, workers and business men; the responsibility without authority which would devolve on the United States during the Commonwealth period; and the dangerous and ambiguous status which the Philippines would have in such a chaotic period as that through which the Far East is now passing.

"Our government," the President declared, "with inadequate civil means for exercising its sovereign authority to control the situation, but with continued moral responsibility to maintain stable government, will daily, during those years, be faced with the likelihood of having to employ military measures to maintain order in a degenerating social and economic situation, or alternatively to expend large sums from our taxpayers in supporting a constantly enfeebled government."²⁸

Despite emphatic support of the President's policy by members of his cabinet, Congress remained unmoved. The veto was over-ruled in the House within two hours; similar action was taken by the Senate four days later. On January 17, 1933 the Hawes-Cutting bill became law, and the next move toward Philippine independence was up to the Island Legislature, whose acceptance of the proffered grant had to be made within one year.

OPINION IN THE UNITED STATES

This measure had gone through Congress, after some thirty-odd years of fruitless agitation for Philippine independence, without benefit of any real popular support in the United States. The most striking aspect of the public's reaction to the successful progress of the bill through the House and Senate, as Senator Copeland sadly noted, was an almost universal apathy as to whether it was passed or not.²⁹ Nothing could be more startling than the contrast between popular interest in the Philippine question in 1900 and in 1932.

Comment in the press on passage of the bill was almost entirely concerned with what the *New York Times* on one occasion termed a "demonstration of sordidness of spirit which an impartial world will condemn, and of which we ourselves ought to be ashamed."³⁰ Most outspoken was the *New York Herald Tribune* which had consistently opposed every move toward Philippine independence. "For clouded vision, atrophied minds and ignoble motives," this paper declared when the President's veto was overridden, "nothing in our history has equaled the performance of the Senate and the House in passing by a two-thirds vote the measure to haul down the American flag."³¹

²⁸. *New York Times*, January 14, 1933.

²⁹. "It is a matter of astonishment to me that so little public sentiment has been aroused regarding the bill." *Congressional Record*, December 9, 1932, p. 250.

³⁰. *New York Times*, December 30, 1932.

³¹. *New York Herald Tribune*, January 18, 1933.

Yet it was hardly more critical of the passage of this bill than journals with such an opposite point of view as the *Nation* or the *Christian Century*. "The truth is, of course," declared the *Nation*, "that Philippine freedom was granted only because the free admission of Philippine products into the United States had unfavorably affected our

own parasitic, government-maintained sugar industry."³² The *Christian Century* said that "no one in Washington bothers to deny that the sugar lobby has been responsible."³³ Perhaps most indicative of general popular feeling was the final, caustic comment of the *New York Times*: "In the name of the Prophet, sugar and coconut oil!"³⁴

PROVISIONS OF THE INDEPENDENCE ACT

The provisions of the Philippine Independence Act may be divided into three categories: those setting the time limits and procedure for the contemplated changes in the Islands' status, those governing their status during the transitional or Commonwealth period, and those specifying the conditions under which independence will be granted.

It is first stipulated that the Philippine Legislature, by concurrent resolution or by a convention called for the purpose of passing on the question, must accept the Independence Act³⁵ and provide for the election of delegates to a constitutional convention to meet "within one year after the enactment of the Act."³⁶ This convention will then formulate and draft a constitution, subject to certain conditions and qualifications set forth in Section 2, which is to be submitted to the President of the United States "within two years after enactment of this Act."³⁷

If the President finds that the constitution conforms substantially to the provisions outlined by Congress, the Legislature must submit it to the people of the Philippine Islands for their rejection or ratification within four months. If he fails to approve the constitution, provision is made for the convention to reconsider its work in the light of whatever suggestions he may make. If an agreement can then be reached between the convention and the President, submission to the Philippine people will be in order as provided in the first instance.³⁸

A majority of popular votes in this referendum will constitute a final decision on the independence issue. If the constitution is rejected, the entire act will be nullified and the existing government of the Islands will continue; on the other hand, a favorable vote will be "deemed an expression of the will of the Philippine Islands in favor of Philippine independence."³⁹

If these provisions are carried out within the stipulated time, the Filipinos will vote on independence by May 17, 1935, but if there is a delay on the part of the constitutional convention and the President in agreeing on the constitution, such a vote might conceivably be postponed almost indefinitely without necessarily prejudicing the cause of ultimate independence.

In the event that the constitution is approved by the Filipino electorate, the Governor-General is to issue a proclamation within thirty days for the election of officers to the new government provided for in the constitution, such an election to be held not earlier than three months nor later than six months after the proclamation. When the results of this vote have been properly certified, the President of the United States will issue a proclamation announcing the results, and the existing government will automatically give way to the new government of the Philippine Commonwealth.⁴⁰

This government will then remain in force for ten years. On the fourth day of July following the expiration of this period, again provided that the constitution has been previously amended to include certain prescribed provisions, the President is required to withdraw the sovereignty then exercised by the United States and "recognize the independence of the Philippine Islands as a separate and self-governing nation."⁴¹

What would happen if the Filipino people refused to adopt the amendments to their constitution stipulated in Section 10 of the Independence Act is not set forth. There is apparently nothing in the act to prevent an indefinite prolongation of the Commonwealth period, should they decide at the end of ten years that they do not want independence and refuse to authorize the amendments on which the President's obligation to declare the Islands' independence is contingent.⁴²

In other words, there are no less than four possible paths which future develop-

32. Cf. article by Raymond Leslie Buell, "Hypocrisy and the Philippines," *Nation*, December 28, 1932.

33. *Christian Century*, January 25, 1933.

34. *New York Times*, January 18, 1933.

35. *Philippine Independence Act*, cited, Section 17.

36. *Ibid.*, Section 1.

37. *Ibid.*, Section 3.

38. *Ibid.*

39. *Ibid.*, Section 4.

40. *Ibid.*

41. *Ibid.*, Section 10.

42. Cf. F. C. Fisher, "The Status of the Philippine Islands under Independence," *American Bar Association Journal*, August 1933.

ments in the Philippines may follow. Final legislative rejection of the law or popular rejection of the proposed constitution may invalidate the entire program laid down by Congress; acceptance of the proposed constitution and subsequent refusal to incorporate the amendments stipulated in the act might mean indeterminate extension of the Commonwealth period; delay in reaching an agreement on the constitution in the first instance might postpone any further development for an indefinite period; and, finally, strict compliance with the provisions of the act would mean independence for the Philippine Islands in 1945. It is also perhaps possible—although legal opinion may hold that the act creates a status of semi-sovereignty for the Philippines which cannot be validly destroyed—that Congress at some time in the next ten years may repeal the Independence Act or modify the program which the act would put into effect.

THE COMMONWEALTH PERIOD

On the assumption that the act is accepted, a constitution drawn up for the Philippine Commonwealth, and this constitution approved both by the President of the United States and the Filipino people, what are the restrictions on the Islands' complete sovereignty during the ten-year transition period before complete independence?

Foreign relations remain under the supervision and control of the United States; all acts affecting currency, coinage, imports, exports and immigration must be approved by the President of the United States; and all decisions of the courts of the Philippine Commonwealth, including those in cases relating to the Commonwealth constitution, are subject to review by the United States Supreme Court.⁴³ It is further provided that while the United States will transfer to the new government all property and rights which it now holds, it can still expropriate property for public use, retain "such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States,"⁴⁴ and maintain armed forces in the Philippines. Finally, under the mandatory provisions of Section 2, the Philippine government will recognize the right of the United States to intervene, by Presidential proclamation, for the preservation of the Commonwealth government, the protection of life, property and individual liberty, and the discharge of government obligations.

In addition to the powers retained by the United States, Section 7 of the act stipulates

that every amendment to the Commonwealth constitution must be submitted to the President for approval, that the President will have authority to suspend any law which in his opinion would cause failure of the Philippine Islands to fulfill its contracts or meet its indebtedness and, in the event of such failure, that he will have the power to take over the customs offices and administer them, applying such part of the revenue as may be necessary to meet any overdue indebtedness. These powers are to be exercised through a High Commissioner, appointed by the President with the advice and consent of the Senate, who will also perform such additional duties and functions as may be delegated to him.⁴⁵ The High Commissioner shall have a staff as determined by the President, including a financial expert. Appeals from the decisions of the Insular Auditor may be taken to the President.

TRADE RELATIONS

Even more specific than these restrictions on the political power of the Philippine Commonwealth are the conditions which are to govern economic relations between the Philippines and the United States.

Free trade in sugar, coconut oil and cordage is to be held within definite quotas, and all imports into the United States over these quotas shall be subject to the same rates of duty which are levied by the United States on similar articles imported from foreign countries. The limit beyond which duties will be levied on sugar imports is 50,000 long tons of refined sugar and 800,000 long tons of unrefined sugar. Coconut oil will be taxed in excess of an annual importation of 200,000 long tons. Duties will be collected on all cordage in excess of a collective total of 3,000,000 pounds. Should these limits be exceeded in any one year, the quantity of such article to be exported to the United States thereafter shall be allocated under certain prescribed arrangements through export permits issued by the Commonwealth government.

Beginning with the sixth year of the new régime, an export tax will also be imposed by the Commonwealth government on all products destined for the United States. It will at first be set at 5 per cent of the rate of duty levied by the United States on like articles imported from foreign countries. In subsequent years it will increase 5 per cent annually until, in the ninth year and thereafter until independence, the total tax shall be at the rate of 25 per cent of the American duties. The receipts from this tax are to be placed in a sinking fund to be applied solely to the payment of principal

^{43.} *Philippine Independence Act*, cited, Section 2.

^{44.} *Ibid.*, Section 5.

^{45.} *Ibid.*, Section 7.

and interest on the bonded indebtedness of the Philippine Islands, its provinces and municipalities until such indebtedness is fully discharged.⁴⁶

IMMIGRATION

Still another restriction on the Philippines during this period relates to immigration into the United States. It is stipulated in the Independence Act that for the purposes contemplated in the United States laws on this subject, citizens of the Philippine Islands who are not citizens of the United States will be considered aliens, and the immigration quota allowed the Philippine Islands will be established at fifty for each fiscal year. This ruling will not, however, apply to the Hawaiian Islands, where immigration regulations relating to the Filipinos will be determined by the Department of the Interior.⁴⁷

INDEPENDENCE

On the expiration of the ten-year period allotted the Commonwealth, these provisions governing the relations between the Philippine Islands and the United States will of course lapse. The Islands will be recognized "as a separate and self-governing nation."

On assuming independence the Philippine government is expected to undertake to protect American property rights, assume all debts and liabilities of the previous government, and take over all continuing obligations assumed by the United States after the treaty of peace with Spain. Trade re-

lations will be the same as those between the United States and other countries, with the somewhat ambiguous proviso that there shall be held previous to independence a conference "for the purpose of formulating recommendations as to future trade relations."⁴⁸ The immigration laws of the United States will be applied to immigrants from the Philippines as they are to immigrants from all other countries and, since they are ineligible to citizenship, they will be excluded like the Japanese.⁴⁹

With regard to American military and naval reservations, however, a special condition is imposed on the Islands. Section 10 of the Independence Act states that the United States will turn over to the Philippine government all reservations "except such land or property reserved under Section 5 as may be re-designated by the President of the United States" not later than two years after the proclamation of independence.⁵⁰

No further rights or privileges are retained by the United States. No obligations are carried over into the independence period for preservation of the new Philippine government, guarantee of its debts, or protection of its independence. On the latter point the Independence Act only goes so far as to request the President to enter into negotiations "with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved."⁵¹

REACTION IN THE PHILIPPINES

The passage of the Independence Act through Congress was not attended by any great enthusiasm in the Islands. In August 1932 the Philippine Legislature took occasion to make its views known by passing a resolution outlining the terms on which it felt independence should be granted. It demanded that the transitional period should be not more than ten years, that there should be no plebiscite, that during the transitional period the Island government should enjoy absolute autonomy, that in any restrictions on either trade or immigration there should be complete reciprocity and, finally, that no naval or military bases should be retained by the United States after independence was granted.⁵²

Some months later Manuel Quezon, President of the Senate and leader of the dom-

inant Nacionalista party, spoke out even more decisively. "Neither the Hare nor the Hawes-Cutting bill," he declared on December 19, "completely satisfy the national ideals of the Filipinos. The government established during the transitional period is not really autonomous. Trade relations would be unjust to the Filipinos. The naval reserves will remain under the government of the United States."⁵³

Under these circumstances final passage of the Hawes-Cutting bill and its enactment into law over President Hoover's veto created a feeling of bitter resentment. "It is not an independence bill at all," Senator Quezon was quoted as saying in an interview in Manila, "it is a tariff bill directed against our products; it is an immigration bill directed against our labor."⁵⁴ Instead of enthusiastic demonstrations welcoming this promise of independence, the news from Washington caused the deepest dissatisfaction.

46. *Ibid.*, Section 6.

47. *Ibid.*, Section 8.

48. *Ibid.*, Section 13.

49. *Ibid.*, Section 14.

50. *Ibid.*, Section 10.

51. *Ibid.*, Section 11.

52. *New York Times*, August 30, 1932.

53. *Ibid.*, December 20, 1932.

54. *Ibid.*, January 18, 1933.

tion. A poll of the Island Legislature conducted by the *Manila Bulletin* on January 19, 1933 showed that 15 out of 22 Senators and 69 out of 96 members of the House favored rejection of the law.

The Independence Mission was yet to be heard from, however, and when it returned to the Islands strongly advocating acceptance of the Independence Act, the stage was set for a bitter political struggle over the action the Philippine Legislature should take. If Senator Quezon appeared to command a majority of the Nacionalista party in his stand against the law, Senator Osmeña and Speaker of the House Roxas, rivals for political control of the party and members of the Independence Mission, were determined to fight for approval of the course they had followed in Washington.

The debate which raged during the summer was no more successful in maintaining the high level demanded by the issues involved than the debate in the American Congress. Charges and counter-charges were hurled back and forth. Each side accused the other of acting only to promote its own selfish purposes and of adopting tactics which betrayed the national interests. "The law is a real threat to the liberty of this country," the *Philippines Herald* declared, "but the efforts to obtain its acceptance by application of the methods of the criminal gangster and racketeer is a more immediate and pernicious menace still."⁵⁵ On another occasion Senator Quezon was charged with abandoning the independence goal entirely, and having thereby made the issue "a mere toy which he utilizes for the satisfaction of his personal designs."⁵⁶

In the first round of this battle the opposition faction was completely victorious. Senator Quezon re-asserted his hold over the divided Nacionalista party, and succeeded in having Osmeña stripped of all his political posts and Roxas defeated as Speaker of the House. The majority then proceeded to repudiate the Independence Mission and took up the question of how and in what form the Hare-Hawes-Cutting law should be rejected.

It was decided that a national plebiscite should be held, but both the Quezon faction and the still fighting Osmeña-Roxas faction recognized that a simple "yes" or "no" vote on the law would not adequately reflect Filipino opinion. It was essential to give the electorate a chance to say what it wanted in place of the Hawes law, should that law be rejected. To this end a complicated formula was evolved asking the voters to state their opinion on the existing law, on immedi-

ate independence, and on ultimate independence.⁵⁷

But the two warring factions could not agree on this formula. In September the issue finally came to a head and, failing agreement, the plebiscite idea was abandoned. Senator Quezon forced a direct vote in the Legislature on the resolution offered by Senator Osmeña providing for acceptance of the law. It was defeated in both houses by decisive majorities, and a resolution was then passed in the Senate on October 12 and in the House on October 17, declaring:

"That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form because, in the opinion of the Legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social and political institutions of the country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the High Commissioner are too indefinite; and finally because the military, naval and other reservations provided for in the said Act are inconsistent with true independence, violate national dignity and are subject to misunderstanding."^{57a}

It was also provided that a joint legislative committee, headed by Senator Quezon, proceed to the United States to petition the President and Congress for such changes in the act "as will fully satisfy the aspirations of the Filipino people to become at the earliest practicable date a free and independent nation, under conditions and circumstances that will not imperil the political, social and economic stability of their country."

DEBATE UPON THE LAW

The arguments presented in favor of the Independence Act may be briefly summarized. Without attempting to justify its controversial features, its advocates declared that on the whole it met Filipino demands by setting a definite date for independence after a transitional period which would allow time for adjustment to new trade relations with the United States. It was further stated that, in so far as the act might fall short of protecting the Islands' legitimate interests, modifications could unquestionably be secured from Congress after the act had been accepted. But the point most consistently reiterated in the campaign carried on

⁵⁵. This formula included three questions: (a) immediate independence, that is, independence within five years and without American retention of naval bases unless approved by the Philippine Republic; (b) ultimate independence, that is, independence on or before July 4, 1944 with more equitable commercial relations, a more autonomous government during the transitional period, unrestricted immigration into the United States, and abolition of the discretionary power of the President to redesignate naval bases; and (c) "I prefer the following solution . . ." *Philippines Herald*, September 9, 1933.

⁵⁶a. Ninth Philippine Legislature, 3rd session, H. Ct. R., No. 61.

55. *Philippines Herald*, July 8, 1933.

56. *Ibid.*, July 31, 1933.

throughout the country was that rejection of the law would, in the eyes of the American people, constitute a denial of the Filipinos' desire for independence.⁵⁸

In their official report, the members of the Independence Mission gave nine points in support of their policy. Yet in essence these arguments amounted to little more than that, under existing circumstances, nothing better could be expected. Point 2 expressly stated that the Hare-Hawes-Cutting law "was the best obtainable for the Filipino people," and Point 8, in similar vein, said that the act "in the light of all the circumstances which attended its passage is a fair and just law."⁵⁹

In opposing this report, dismissed by the *Philippines Herald* as a plea "for the capitulation of the bulwark of our economic security to the hands of inimical special interests,"⁶⁰ the Quezon faction was able to marshal a list of objections to specific provisions of the law which carried overpowering weight.

POLITICAL OBJECTIONS

In respect to the powers retained by the United States during the transitional period, Senator Quezon bluntly declared that the present régime was more favorable to Filipino aspirations than the Commonwealth period would be. The Veterans of the Philippine Revolution, in a resolution urging rejection of the law, condemned the restrictions on the Filipinos' right to self-government as a backward step.⁶¹

Objections have been urged against almost every right retained by the President under Sections 2 and 7 of the act. It has been held that the broad scope of these powers reserved to the United States constitutes such a restraint on the freedom of action of the proposed Commonwealth that to speak of Philippine autonomy during the ten-year transitional period is entirely unwarranted. The powers of the High Commissioner as representative of the President, and of his financial assistants with their right to pass in review all reports of the insular auditor, are held to be infringements on the new government's authority which invalidate the theory that the Commonwealth will be a semi-sovereign state.

To the claim that during the Commonwealth period the Philippines would enjoy a measure of freedom comparable to that of Cuba under the Platt amendment, opponents of the law enter a flat denial. There is noth-

58. Senator Osmeña stated that if the Hawes-Cutting law were rejected, Governor-General Murphy would have to report to the President that the Filipinos did not want independence. *Philippines Herald*, July 8, 1933.

59. *Ibid.*, July 18, 1933.

60. *Ibid.*, July 31, 1933.

61. *Ibid.*, September 18, 1933.

ing in the Platt amendment, they point out, equivalent to the President's power of veto over financial and other legislation, his right to suspend certain laws and his control over foreign relations and foreign trade. It is further felt that the right of intervention granted the United States in the Commonwealth is wider than that granted under the Platt amendment in Cuba.

OPPOSITION TO TRADE PROVISIONS

Even more impressive have been the objections brought against the economic provisions of the Independence Act. "A stranglehold on our economic life,"⁶² is the characterization made by Senator Claro M. Recto; "they will cause the political, economic and social ruin of the country,"⁶³ stated the Speaker of the House, Quintin Paredes; in the resolution of the Veterans of the Philippine Revolution they were described as nothing more than an arrangement to terminate free trade "only as regards Philippine products."⁶⁴ More explicit is the statement of Senator Quirino: "The sugar industry would no longer be able to compete with Cuba. From the first year the coconut oil industry would be dead. Cordage would suffer the same shock, and the cigar, button, embroidery and all the other major industries, except, perhaps, the hat manufacturing industry, would be ruined before the expiration of the ten-year period."⁶⁵

If informed Filipinos recognize the necessity for a transitional period in which their industries would gradually become accustomed to the termination of free trade with the United States, what they most keenly resent is the one-sided nature of the trade relations established by the Hawes law. Their market in the United States is to be curtailed by the limitations on sugar, coconut oil and cordage; their exports to the United States are to be taxed in the last five years of the Commonwealth period, but imports from the United States can neither be restricted nor taxed throughout the transitional period.

It is contended, furthermore, that these economic restrictions defeat the very purpose for which they were supposedly framed. If the Philippine Islands are to be cut off from free trade with the United States, they must have the opportunity to diversify their crops and reconstruct their industries—now all predicated on free trade—and develop new markets. Under the Hawes law, the Filipinos fear that agriculture and industry will be so dislocated that they would be unable to carry out such reorganization,

62. *Ibid.*, September 14, 1933.

63. *Ibid.*, July 25, 1933.

64. *Ibid.*, September 18, 1933.

65. *Ibid.*, April 18, 1933.

while the ban on tariff concessions to other countries would in any event prevent the building up of new markets.

The export tax, to be applied on a graduated scale after the first five years of the Commonwealth period, is regarded as a method of stifling Philippine trade. Applying it to sugar exports to the United States, it is contended that in the seventh year of the transitional period Philippine sugar would lose its present duty-free advantage over Cuban sugar, and that exports to the United States would become economically impossible.⁶⁶ Estimates of the cost of landing coconut oil in the United States show that as soon as any export tax is applied, the present profit in this industry would be eliminated. In the same way cordage exports would involve an actual loss at present prices in the ninth year, and exports of cigars in the eighth year of the Commonwealth, if the proposed taxes are applied.⁶⁷ As these are the Islands' principal industries, the effect would be not only a decline in exports but, according to the Philippine Economic Association, "a reduction in government revenues, as well as a drop in wages, less employment for labor, and a lowering in local purchasing power."⁶⁸

RESTRICTIONS ON SUGAR, COCONUT OIL AND CORDAGE

The limitations on sugar, coconut oil and cordage, products which constitute about 75 per cent of the value of all Philippine exports to the United States, are held to be equally injurious in their ultimate effect. Under the stimulus of the free market in the United States, say opponents of the Hawes law, these industries have been developed to a point where any sudden curtailment in their activity means disaster for the entire economic structure of the Islands.

During the past three years sugar production in the Philippines has increased remarkably, and Philippine sugar has to a certain extent displaced Cuban sugar on the American market. In 1922-1926, 56.2 per cent of the sugar consumed in the United States came from Cuba, but in 1932 the percentage was only 28.2; on the other hand, the percentage of sugar coming from the Philippines increased from 5.4 to 16.6 per cent in the same period. This development is attributed in part to the increase in the sugar duty imposed by the Smoot-Hawley tariff of 1930, which increased the sugar tariff on Cuban sugar and left Philippine products on the free list, and in part to new methods of production.

The increase in Philippine sugar production is as follows:⁶⁹

Production:	Receipts in United States Markets		Ratio of Receipts to production	
	in thousands of short tons			
1932	1,102	.....	1,040	94.4
1931	876	.....	818	93.4
1930	867	.....	794	91.6
1929	830	.....	711	85.7
1928	697	.....	575	82.5
1927	654	.....	531	31.2

In 1929, 32 per cent in value of the total exports of the Philippines consisted of sugar; in 1930, 39 per cent; in 1931, 48 per cent; in 1932, 63 per cent; in 1933, 70 per cent. Nearly all of this sugar is taken by the United States.

In an effort to stop further increases in Philippine sugar exports, domestic sugar producers and Cuban sugar interests supported the provision in the Hawes-Cutting act limiting the amount of duty-free sugar from the Philippines to 850,000 long tons, or about 952,000 short tons. The proposed sugar allotment agreement drawn up in Washington in the summer of 1933 proposed to fix the total Philippine sugar imports, duty-free and otherwise, at 1,100,000 short tons. Although this allotment agreement was vetoed by Secretary Wallace, the Philippine Legislature, ostensibly to remove American fear of Philippine sugar expansion, enacted in November 1933 a law limiting crop production to 1,400,000 metric tons annually.^{69a} Governor-General Murphy vetoed this law on December 9, stating that it "practically guarantees a larger crop" next year. If the American market is closed, Philippine sugar could probably find no outlets elsewhere. In nearby Java, which produces sugar more cheaply than the Philippines, an unsold surplus of 4,000,000 tons has accumulated.⁷⁰

Rather than accept the provisions of the Hawes law, the Philippine Economic Association believes that it would be better to permit free trade to continue five years, allowing the recently built *centrales* to recover their investment, and then apply the full tariff on sugar imports.⁷¹ A number of observers believe that it is to the interest of the Philippines to prevent concentrated development of sugar, such as has taken place in Cuba. It is felt, however, that the diversification of industry can only take place after a long period, and that the United States should not abruptly interfere with the sugar market until this diversification has gone further than at present.

The coconut oil industry would find itself in a somewhat different situation from the sugar industry. In 1932 exports to the

66. *Ibid.*, p. 10-13.

68. *Ibid.*, p. 9.

69. U. S. Tariff Commission, *Statistics on Sugar*, p. 8.

69a. A metric ton is 1.102 short tons.

70. *Report of the Governor-General, 1932-1933*, p. 34.

71. *The Economics of the Hare-Hawes-Cutting Law*, cited, p. 23.

United States totalled 110,259 metric tons, as compared with the quota of 200,000 long tons, and it is also pointed out that even if the United States does not import coconut oil, it will have to import copra, since the coconut oil derived from copra is today an essential ingredient for the manufacture of soap and margarine. This would mean a great increase in present American imports of copra from the Philippines, which are duty-free, with the effect of transferring the copra-crushing industry from the Philippines to the United States. Although a loss to the Islands, this would not be as vital as the critical breakdown of the sugar industry.⁷²

So far as cordage is concerned, 1932 exports to the United States of 4,447,882 pounds must be compared with a quota of 3,000,000 pounds. Under normal conditions the Philippine Economic Association has estimated that the limitations imposed by the Hawes law would "throw upon us an unmarketable surplus of 3,000,000 pounds of Philippine manufactured cordage."⁷³

On the question of immigration restrictions, which limit the annual Philippine quota during the Commonwealth period to fifty and after independence bar them as aliens ineligible to citizenship, the Filipinos cannot bring up either the political or economic arguments which affect the limitations on autonomy and trade relations. But the imposition of a quota while the Islands are still a part of the United States, and exclusion thereafter, is deeply resented. The Filipino position may be best summed up by the reiterated statement of the opponents of the Independence Act, that the immigration restrictions are "offensive to the dignity of the race."⁷⁴

NAVAL BASES

Finally, strong objection has been made to the right of the United States, through redesignation by the President, to retain such land or property as it may desire for military and other reservations of the American government. This provision, as Senator Hawes has been careful to point out in his defense of the Independence Act, is not mandatory. It gives the United States an option, but imposes no obligation for retention of its present bases in the Islands.⁷⁵

Nevertheless, Senator Quezon has opposed this provision of the law, and it was one of

72. Trade in copra and coconut oil is largely carried on along national lines—between the mother country and tropical colonies. Consequently the Philippines rely on the United States for their market and the United States relies on the Philippines as a source of supply. At present the United States is the greatest importer of copra and coconut oil; the Philippines are the greatest exporters of coconut oil, but in copra follow the Dutch East Indies. In the manufacture of soap, coconut oil constitutes 22.5 per cent of the ingredients, far more than any other vegetable oil; in margarine, it constitutes 45.5 per cent of the ingredients. *Ibid.*, p. 26-29.

73. *Ibid.*, p. 34.

74. *Philippines Herald*, July 18, 1933.

the clauses most vigorously condemned by the Veterans of the Philippine Revolution. It has been suggested that American retention of a small base in some isolated part of the Islands might be acceptable, but the broad powers of redesignation of existing properties, which total some 127,127 hectares scattered throughout the Islands, including the port area of Manila and the naval station at Cavite, are held so definitely to invalidate real independence as to be absolutely unacceptable.⁷⁶

In this connection it is also pointed out that retention by the United States of extensive military or naval bases might well make impossible the conclusion of any international treaty providing for the neutralization of the Philippines. Such a pact is particularly desired because of the possible danger of Japanese aggression. If in some quarters it is felt that American retention of a naval base might serve to prevent any attempt on the part of Japan to attack Philippine independence, it is more generally believed in the Islands that an American naval base would expose the Philippines to intervention in the event of war between the United States and Japan. Some Filipinos believe that Japan would be willing both to sign a treaty accepting the neutralization of an independent Philippines and, having signed it, to abide by its terms. Others, however, feel that Japan sooner or later would pay no more attention to such a treaty than it has to its international obligations toward China.

Without attempting to judge the validity of the objections which the Filipinos have raised to the Independence Act, the conclusion is inescapable that the position of the Legislature in rejecting this act is based on a well-grounded belief that it falls far short of meeting national aspirations. As the leaders of the majority party have made abundantly clear, all they seek is a more equitable relationship during the necessary transition period and a more certain guarantee of complete independence at its conclusion than the present law provides. They want more autonomy during the Commonwealth period, reciprocal rather than unequal trade restrictions to mark the transition from free trade with the United States to imposition of full American tariffs on Filipino imports into this country, more favorable treatment of the immigration problem, and an ultimate independence unqualified by American retention of military or naval bases.

75. Cf. Harry B. Hawes, "The Philippine Independence Act," *Annals of the American Academy of Political and Social Science*, July 1933, p. 147.

76. *Manila Herald*, September 18, 1933. Cf. *The Economics of the Hare-Hawes-Cutting Law*, cited, p. 38-40. The argument is also advanced that the United States might utilize its reservations for such a purpose as growing rubber, which could enter the American market duty-free in contrast to rubber grown elsewhere in the Islands and subject to the tariff. *Ibid.*, p. 41.